

Attorney Docket No. 046700-5003

REMARKS

Claims 65, 69 and 76-83 are now pending. Previous claims 1-64, 66-68 and 70-74 have been cancelled. Applicant notes that claims 65 and 69 as amended correspond to previous claims 66 and 70, respectively, re-written in independent format.

It is respectfully submitted that the amendments to the specification and claims find support in the application as originally filed, including the original figures and claims. During the interview on April 3, 2002, the Office explained that, with respect to new matter issues, the Applicant has the burden of showing that a person of skill in the art "would have understood, at the time the patent application was filed, that the description requires the limitation." Hyatt, 47 USPQ 2d 1131. The Office further explained that the question is: Does the subject matter relied on (e.g., the drawings) unambiguously describe all the limitations that Applicant now wishes to place in the application? If the answer is yes, then there is no new matter.

Applicant respectfully submits that all of the limitations that are the subject of the present Amendment meet the above standard. In this regard, Applicant notes that the formula for calculating the net present value of a stream of payments is well known and unambiguous. See, e.g., Blackwell, Encyclopedic Dictionary of Accounting, at p. 235, which sets forth the well known formula for determining present value. There are not multiple possible formulas for determining the present value of a stream of payments, but instead only one such formula. Clearly, there could be no "ambiguity" with respect to the well known present value formula used in the present invention.

In addition, Applicant respectfully submits that the only way to calculate, for example, the NPV bids listed on column 660 of Figure 6, would be to apply the well

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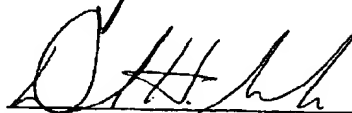
Attorney Docket No. 046700-5003

know present value formula to the values shown in columns 652-654 using an 8% discount rate. The 8% discount rate is unambiguous from Figure 6, since an 8% discount rate is the only discount rate that will yield the NPV bids listed on column 660 when the well know present value formula is applied to the values shown in columns 652-654.

In view of the above, Applicant submits that the subject matter relied on to support the present Amendment unambiguously describes all the limitations that Applicant now wishes to place in the application, and there is therefore no new matter. Entry of the present Amendment, together with a favorable action on the merits, is earnestly solicited.

The Commissioner is hereby authorized to charge any fee due in connection with this filing to Deposit Account 50-0310.

Respectfully submitted,



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Attorney Docket No. 046700-5003

SPECIFICATION WITH MARKINGS TO SHOW CHANGES MADE

The Title at page 2, lines 1-2:

**METHOD AND SYSTEM FOR CONDUCTING ELECTRONIC AUCTIONS
WITH [MULTI-PARAMETER PRICE EQUALIZATION] NET PRESENT
VALUE BIDDING**

The paragraph starting at page 8, line 25 and continuing to page 9, line 2:

Reference will now be made in detail to the preferred embodiments of the present invention, examples of which are illustrated in the accompanying drawings. The present invention described below extends the operation of the inventive auction system and method described in greater detail in co-pending Application No. [] 09/252,790, entitled "Method and System for Conducting Electronic Auctions," filed February 19, 1999, now U.S. Patent No. 6,230,146 entitled "Dynamic Overtime Extensions," the disclosure of which is hereby expressly incorporated in the present application.

The paragraph starting at page 10, line 13 and continuing to page 10, line 17:

A generic transformation mechanism is illustrated [in Fig. 5. As illustrated, bid transformation 500 represents] by a function (f) that is operative on input variables (x) and (a₁..a_n). Input variables (a₁..a_n) represent non-comparative bid parameters, while input variable (x) represents a supplier comparative bid parameter (e.g., price). The output of bid transformation [500] is the buyer comparative bid parameter (y).

The paragraph starting at page 10, line 24 and continuing to page 11, line 2:

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Attorney Docket No. 046700-5003

In the generic description of the transformation process[in Fig. 5], two types of comparative bid parameters exist. A buyer comparative bid parameter (y) refers to a parameter, resulting from the transformation process, upon which the buyer will compare competing bids. A supplier comparative bid parameter (x), on the other hand, refers to an input to the transformation function (f). As will be described in greater detail below, the supplier comparative bid parameter can be used by a supplier to compare competing bids in the supplier's context. In some applications, the supplier comparative bid parameter is not used because all parties may be allowed to view the auction in the buyer's context.

The paragraph starting at page 11, line 9 and continuing to page 11, line 21:

Alternatively, the transformation process can use multiple non-comparative bid parameters to create a buyer comparative bid parameter. In this case, no supplier comparative bid parameters are used to create supplier specific views. All parties view the competition in the same context. An example of this scenario is net present value (NPV) bidding, where parameters specifying multi-year contracts are converted into a total NPV bid. The total NPV bid represents a sum of a series of payments over multiple contract years, which are discounted to a present value using a predefined discount rate structure. [NPV bidding is described in co-pending U.S. Application No. _____, entitled "Method and System for Conducting Electronic Auctions with Net Present Value Bidding," filed concurrently herewith, the disclosure of which is hereby expressly incorporated in the present application.]

The paragraph starting at page 16, line 1 and continuing to page 16, line 8:

Attorney Docket No. 046700-5003

The \$/ton bid for a supplier is referred to as the supplier comparative bid parameter. [As illustrated in Fig. 5, the] The supplier comparative bid parameter is one of the inputs into the transformation function (f). The supplier comparative bid parameter is significant because it enables the supplier to view the auction competition in his own context. In other words, a supplier can view all competing bids as if all suppliers were offering the same type of coal for sale. In this manner, a supplier can view the competitive auction landscape without receiving any information concerning the transformation function that has been defined by the buyer.

The paragraph starting at page 16, line 22 and continuing to page 16, line 27:

After the client component at Supplier A receives the detransformed bid values, Supplier A is then able to view a relative comparison of the bids in his own context. This relative comparison corresponds to the relative comparison of the bids in the buyer context. [Fig. 6B illustrates a bid history chart in the context of Supplier A.] In this example, it is assumed that Supplier A's multiplicative and additive factors are, $m = 0.87$ and $b = 80$, respectively.

The paragraph starting at page 16, line 28 and continuing to page 17, line 6:

[As Fig. 6B demonstrates,]Supplier A can view the competitive climate of the auction without having access to any of the details of the transformation function (f) implemented by the buyer. From Supplier A's perspective, all other suppliers are bidding the same type of coal. Competition is therefore perceived as being based on the \$/ton price, not the ¢/Million BTU price. If Supplier A decides to beat the market leading bid, Supplier A would simply reduce his \$/ton bid and submit the new bid (e.g., bid of

Attorney Docket No. 046700-5003

\$17.01/ton bid at 01:25:28) to the auction server. The new \$17.01/ton bid would then be transformed into a 94.8 ¢/Million BTU bid, i.e., $0.87 * 17.01 + 80 = 94.8$ ¢/Million BTU, using the multiplicative and additive adjustments for Supplier A.

The paragraph starting at page 17, line 7 and continuing to page 17, line 13:

In a similar manner, Supplier B can also view the competitive climate of the auction without having access to any of the details of the transformation function implemented by the buyer. [Supplier B's view is illustrated in Fig. 6C.] In this example, it is assumed that Supplier B's multiplicative and additive factors are, $m = 0.81$ and $b = 82$, respectively. In Supplier B's view, Supplier A's new bid of \$17.01/ton (or 94.8 ¢/Million BTU) at 01:25:28 is fed back to Supplier B as a \$15.80/ton bid, i.e., $(94.8 - 82) / 0.81 = \$15.80/\text{ton}$, using Supplier B's multiplicative and additive parameters.

The paragraph starting at page 17, line 14 and continuing to page 17, line 22:

[In combination, Figs. 6A-6C illustrate a feature of the] The present invention [that] enables each supplier to view the auction in his own context. These buyer-specific and supplier-specific contexts enable the system to create a coal auction market without revealing confidential information to the suppliers. The creation of an online electronic auction greatly benefits the buyer by allowing the buyer to get true market prices. The online electronic auction can easily produce hundreds of bids in a span of a few hours. This is in sharp contrast to traditional coal market mechanisms that relied upon the simultaneous occurrence of independent negotiations over a course of weeks.

The paragraph starting at page 18, line 10 and continuing to page 18, line 17:

Attorney Docket No. 046700-5003

Another example of transformation bidding is multi-currency bidding.

Multi-currency bidding is an auction format wherein the buyer views all submitted bids in a base currency (e.g., U.S. dollars), while each of the suppliers view all submitted bids in a local currency (e.g., Japanese Yen, Swiss Francs, etc.). Multi-currency bidding is described in co-pending U.S. Application No. [] 09/282,158, entitled "Method and System for Conducting Electronic Auctions with Multi-Currency Bidding," filed concurrently herewith, the disclosure of which is hereby expressly incorporated in the present application.

CLAIMS WITH MARKINGS TO SHOW CHANGES MADE

65. A system for conducting an electronic auction between a plurality of potential bidders, the plurality of potential bidders competing for a lot having at least one product, comprising:

means for receiving bid information from a first bidder for said lot; and

means for generating a transformed bid using at least said bid information, said generated transformed bid being used to effect a relative comparison of transformed bids, said relative comparison of transformed bids enabling submitted bids, defined in one or more bidder-specific contexts, to be compared on a common competitive basis;

wherein said means for generating generates a net present value bid using a predefined discount rate structure and received multi-segment bidding parameters, said net present value bid representing a sum of a series of payments over a plurality of contract term segments which are discounted to a present value using said predefined discount rate structure.

Attorney Docket No. 046700-5003

69. A method of participating in an electronic auction between a plurality of potential bidders, the plurality of potential bidders competing for a lot having at least one product, comprising the steps of:

- (a) receiving bid information from a bidder for said lot;
- (b) generating a transformed bid using at least said bid information; and
- (c) transmitting transformed bid information to an auction server, said transformed bid information enabling said auction server to generate a relative comparison of bids, originally defined in one or more bidder-specific contexts, on a common competitive basis;

wherein step (b) comprises the step of generating a net present value bid using a predefined discount rate structure and received multi-segment bidding parameters, said net present value bid representing a sum of a series of payments over a plurality of contract term segments which are discounted to a present value using said predefined discount rate structure.